

Message Text

LIMITED OFFICIAL USE

PAGE 01 LISBON 00639 01 OF 02 291723Z

47

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 INRE-00 NSCE-00 USIE-00

AID-05 CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00

TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 NSC-05 SS-15 STR-04 CEA-01 SAM-01 AGR-05

DOT-00 FEAE-00 H-02 L-03 HEW-02 HUD-01 IGA-02 PRS-01

DHA-02 ORM-02 /095 W
----- 088350

O R 291555Z JAN 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 5834

INFO USMISSION EC BRUSSELS

LIMITED OFFICIAL USE SECTION 1 OF 2 LISBON 639

E.O. 11652: N/A

SUBJ: JOINT PORTUGAL-UNITED STATES ECONOMIC COMMISSION MEETING

SUMMARY: ON JANUARY 28, 1976, THE FIRST MEETING OF THE JOINT PORTUGAL-UNITED STATES ECONOMIC COMMISSION TOOK PLACE TO DISCUSS EXPANSION OF ECONOMIC COOPERATION BETWEEN THE TWO COUNTRIES. SPECIFIC REFERENCE WAS MADE TO PORTUGUESE ECONOMIC PLANS AND PROJECT PRIORITIES AND U.S. ECONOMIC ASSISTANCE PROGRAMS TO SUPPORT ECONOMIC AND SOCIAL DEVELOPMENT IN PORTUGAL. THE PORTUGUESE DELEGATION WAS HEADED BY DR. VIEIRA DE ALMEIDA, PRESIDENT OF THE COMMISSION, AND INCLUDED, DR. FERNANDO SILVA MARQUES, AIDE TO DIRECTOR OF ECONOMIC AFFAIRS-MINISTRY OF FOREIGN AFFAIRS, DR. PAUL ENNES, CHIEF OF EUROPE AND AMERICA BUREAU-MINISTRY OF FOREIGN AFFAIRS, ENG. MARIA ALEXANDRA COSTA GOMES, OFFICE OF SECRETARY OF STATE FOR PLANNING, MINISTRY OF FINANCE AND DR. JOSE ANTONIO RIBERA, SECRETARY OF EMBASSY, DIRECTOR GENERAL OF ECONOMIC AFFAIRS, MINISTRY OF FOREIGN AFFAIRS, THE U.S. DELEGATION WAS HEADED BY AMBASSADOR FRANK CARLUCCI AND

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LISBON 00639 01 OF 02 291723Z

INCLUDED ROBERT NOOTER, AA/NESA, SELIG TAUBENBLATT, NESA/CD

ROBERT RYAN, EB/OMA, GLENN O. PATTERSON, AID REPRESENTATIVE AND JAMES FERRER, ECONOMIC COUNSELOR, EMBASSY LISBON.

THE AGENDA FOR THE MEETING COVERED (1) A SURVEY OF THE CURRENT ECONOMIC SITUATION IN PORTUGAL, (2) PURPOSE AND COMPOSITION OF THE PORTUGAL ECONOMIC COORDINATION COMMITTEE, (3) BRIEFING BY PORTUGUESE DELEGATION ON OUTCOME OF DISCUSSION WITH EEC AND EUROPEAN INVESTMENT BANK (EIB), (4) U.S. ECONOMIC ASSISTANCE AVAILABLE TO PORTUGAL, (5) SECTOR AND PROJECT PRIORITIES FOR WHICH ASSISTANCE BEING SOUGHT, AND (6) DISCUSSIONS WITH TECHNICAL MINISTRIES AND DEPARTMENTS ON SPECIFIC PROBLEMS, PLANS AND PRIORITIES IN DIFFERENT SECTORS. THE HIGHLIGHTS OF THE MEETING ARE SET FORTH BELOW: END SUMMARY.

1. CURRENT ECONOMIC SITUATION - PORTUGUESE DELEGATION DESCRIBED ECONOMIC DEVELOPMENTS IN PORTUGAL SINCE APRIL 25, 1974, INCLUDING THE DISLOCATIONS IN INDUSTRY, AGRICULTURE AND ECONOMIC INFRASTRUCTURE; BUDGET DIFICITS AND MONEY SUPPLY EXPANSION; INFLATION AND UNEMPLOYMENT; STAGNATION IN PUBLIC AND PRIVATE INVESTMENT; BALANCE OF PAYMENTS PROBLEMS; AND RECENT GOVERNMENT MEASURES TO DEAL WITH THE ECONOMIC DISLOCATIONS AND PROBLEMS RESULTING THEREFROM. THE NEW INVESTMENT CODE WAS DISCUSSED AS A MEANS OF RESTORING CONFIDENCE BY DOMESTIC AND FOREIGN PRIVATE INVESTORS. IN GENERAL THE PORTUGUESE DELEGATION WAS SURPRISINGLY OPTIMISTIC THAT THE ADVERSE ECONOMIC SITUATION, WOULD START TURNING AROUND LATER THIS YEAR, ALTHOUGH THEY RECOGNIZED THAT THERE ARE STILL MANY COMPLEX ECONOMIC PROBLEMS THE COUNTRY MUST ADDRESS. LITTLE NEW INFORMATION WAS ADDED IN THE DISCUSSIONS TO THAT ALREADY REPORTED IN RECENT EMBASSY COMMUNICATIONS.

2. PORTUGUESE ECONOMIC COORDINATION COMMITTEE - PORTUGUESE REPRESENTATIVES EXPLAINED PURPOSE AND COMPOSITION OF COORDINATING COMMITTEE AS AN ENTITY SET UP TO COORDINATE ASSISTANCE WITH BILATERAL AND MULTILATERAL ORGANIZATIONS. THE COMMITTEE INCLUDES PARTICIPATION OF THE MINISTRY OF FOREIGN AFFAIRS, AND MINISTRY OF FINANCE, AND OTHER TECHNICAL MINISTRIES ON AN AS NEEDED BASIS. IT WAS SUGGESTED THAT THE PURPOSE OF THE COMMITTEE WAS NOT TO EXCLUDE CONTACTS WITH THE TECHNICAL MINISTRIES WITH WHOM THE TERMS OF PROJECTS WILL HAVE TO BE WORKED OUT, BUT TO PROVIDE FOR A NECESSARY COORDINATION POINT SO THAT PRIORITIES ARE DIRECTED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LISBON 00639 01 OF 02 291723Z

TO THE APPROPRIATE DONORS AND DUPLICATION MINIMIZED.

3. MEETINGS WITH THE EUROPEAN ECONOMIC COMMUNITY -- RECENT MEETINGS WITH THE EUROPEAN COMMON MARKET AND THE EUROPEAN INVESTMENT BANK WERE REVIEWED BY PORTUGUESE REPRESENTATIVES. THEY NOTED THAT TWO CATEGORIES OF ASSISTANCE WERE DISCUSSED -- PROJECTS THAT WERE FAR ALONG IN DESIGN AND DEVELOPMENT AND PROJECTS WHICH REQUIRED ADDITIONAL TECHNICAL AND FEASIBILITY

WORK. EEC FINANCING OF APPROXIMATELY \$180 MILLION WAS EXPECTED TO BE FORTHCOMING IN THE FUTURE. SECTOR PRIORITIES DISCUSSED WITH THE EEC INCLUDED SUCH AREAS AS INDUSTRY, AGRICULTURE AND IRRIGATION, TOURISM, TRANSPORTATION AND ENERGY. SPECIFIC REFERENCE WAS MADE TO FINANCING OF A RAILROAD PROJECT, THERMAL POWER PLANT, AND A PETROCHEMICAL FACILITY. IN ADDITION A FINANCIAL PROTOCOL CURRENTLY WAS BEING DISCUSSED WITH EEC THAT WOULD LEAD TO ADDITIONAL ECONOMIC ASSISTANCE.

4. U.S. ECONOMIC ASSISTANCE -- U.S. REPRESENTATIVES DESCRIBED POSSIBLE LEVELS OF U.S. ECONOMIC ASSISTANCE IN FY 1976, THE TRANSITIONAL QUARTER, AND FY 1977, AND EMPHASIZED CONSIDERABLE SYMPATHY FOR ASSISTANCE TO PORTUGAL BY THE U.S. EXECUTIVE BRANCH AND THE U.S. CONGRESS. SPECIFIC REFERENCE WAS MADE TO POSSIBLE AVAILABILITIES OF ECONOMIC SUPPORTING ASSISTANCE, PL 480, HOUSING INVESTMENT GUARANTY AND CCC CREDITS. THE CONGRESSIONAL AUTHORIZATION AND APPROPRIATION PROCESSES AND THE CHANGE IN THE U.S. FISCAL YEAR STARTING IN FY 1977 WAS EXPLAINED. U.S. REPS. INDICATED THAT WHILE CURRENT LEVELS OF U.S. ECONOMIC ASSISTANCE DISCUSSED MAY CHANGE DUE TO REDUCTION IN CONGRESSIONAL APPROPRIATIONS OR CHANGE IN BUDGETS, NEVERTHELESS, U.S. ECONOMIC ASSISTANCE IS LIKELY TO APPROXIMATE \$100 MILLION PER ANNUM. BECAUSE OF THE TIME PHASING IN FY 1976, THE TRANSITIONAL QUARTER AND FY 77, POSSIBLE U.S. ASSISTANCE AVAILABLE IN VARIOUS FORMS (SUPPORTING ASSISTANCE, HIG, PL 480 AND CCC CREDITS) COULD TOTAL APPROXIMATELY \$200 MILLION OVER THE NEXT 12 TO 18 MONTHS. (FYI: IN FACT, PRESENT BUDGET TOTAL \$215 MILLION FOR FY 76, IQ AND FY 77 INCLUDING \$30 MILLION CCC CREDITS).

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 LISBON 00639 02 OF 02 291708Z

47

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 INRE-00 NSCE-00 USIE-00

AID-05 CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00

TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 NSC-05 SS-15 STR-04 CEA-01 SAM-01 AGR-05

DOT-00 FEAE-00 H-02 L-03 HEW-02 HUD-01 IGA-02 PRS-01

DHA-02 ORM-02 /095 W

----- 088051

O R 291555Z JAN 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 5835

INFO USMISSION EC BRUSSELS

LIMITED OFFICIAL USE SECTION 2 OF 2 LISBON 639

5. PROJECT AREAS FOR AID FINANCING - THE PORTUGUESE DELEGATION INDICATED THAT THE EEC COUNTRIES ARE LIKELY TO EMPHASIZE FINANCING IN INDUSTRY AND ECONOMIC INFRASTRUCTURE AND SUGGESTED THAT THE AREA OF SOCIAL INFRASTRUCTURE, WHICH IS A VERY HIGH PORTUGUESE PRIORITY, WOULD BE APPROPRIATE FOR AID FINANCING. HE MENTIONED SUCH FIELDS WERE HEALTH, EDUCATION, AGRICULTURE, PUBLIC WORKS AND HOUSING. U.S. REPS. IDENTIFIED SPECIFIC IMPORTANT OBJECTIVES IN PROJECT SELECTION. THESE INCLUDED ECONOMIC SOUNDNESS, EMPLOYMENT GENERATING (LABOR INTENSIVE) QUICK DISBURSING PROJECTS TO ASSIST PORTUGAL'S BALANCE OF PAYMENTS, A DESIRE TO CONCENTRATE IN FEW PROJECT AREAS BECAUSE OF LIMITATION OF AID STAFF IN PORTUGAL, AND A NEED FOR PROJECTS TO FIT INTO OVERALL PLAN FOR A PARTICULAR SECTOR. IT ALSO EMPHASIZED THAT AID FEASIBILITY STUDIES LOAN AND TECHNICAL ASSISTANCE FUNDS ARE AVAILABLE IN THE GOP. IN VIEW OF THE GOP'S SUBSTANTIAL BALANCE OF PAYMENTS PROBLEMS. THE POSSIBILITY OF A COMMERCIAL IMPORT LOAN WAS MENTIONED AS A VEHICLE TO PROVIDE QUICK DISBURSING ASSISTANCE FOR ESSENTIAL COMMODITY IMPORTS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LISBON 00639 02 OF 02 291708Z

6. DISCUSSIONS WITH TECHNICAL MINISTRIES - IN THE AFTERNOON MEETING, TECHNICAL MINISTRIES, INCLUDING EDUCATION, SOCIAL WELFARE, AND INDUSTRY DESCRIBED THEIR PLANS, PROGRAMS AND PRIORITIES. SPECIFIC POSSIBILITIES MENTIONED FOR AID FINANCING INCLUDED FINANCING FOR SCHOOL CONSTRUCTION, BASIC SANITATION, INCLUDING WATER AND SEWAGE, AND TECHNICAL ASSISTANCE IN THE HEALTH AREA AND IN INDUSTRY. THE IESC WAS MENTIONED BY U.S. REPS. AS A POSSIBLE SOURCE OF EXPERT ASSISTANCE FOR VARIOUS INDUSTRIAL ENTERPRISES. GOP REPS. EXPRESSED INTEREST IN EXPLORING SUCH ASSISTANCE WITH IESC. AGRI BUSINESS WAS MENTIONED BY U.S. REPS. AS AN AREA WHERE U.S. EXPERTISE IS AVAILABLE AND WHERE SUCH ASSISTANCE MAY BE HELPFUL.

U.S. REPS. INDICATED THAT AID IS PREPARED TO SEND TDY TEAMS TO REVIEW DETAILS OF GOP PLANS IN SCHOOL CONSTRUCTION, WATER AND SEWAGE AND HEALTH, AID REP. LISBON WILL CABLE DETAILS SCOPE SUCH TDY ASSISTANCE AND TIMING.

7. DURING THE MEETING, THE U.S. AND PORTUGUESE DELEGATIONS

AGREED THAT A PRESS RELEASE SHOULD BE ISSUED COVERING THE ITEMS DISCUSSED AND GENERAL AREAS AGREED TO. A PRESS RELEASE WAS ISSUED ON JANUARY 29 4:00 P.M. PORTUGAL TIME AS FOLLOWS:

"THE FIRST MEETING OF THE JOINT PORTUGAL-UNITED STATES ECONOMIC COMMISSION TOOK PLACE TODAY AT THE MINISTRY OF FOREIGN AFFAIRS IN LISBON. THE PORTUGUESE DELEGATION WAS HEADED BY DR. VIEIRA DE ALMEIDA AND THE UNITED STATES DELEGATION BY AMBASSADOR FRANK CARLUCCI WITH THE PARTICIPATION OF MR. ROBERT NOOTER, ASSISTANT ADMINISTRATOR OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT AND OTHER OFFICIALS FROM WASHINGTON. THE PURPOSE OF THE DISCUSSION WAS THE CONTINUATION AND EXPANSION OF ECONOMIC COOPERATION BETWEEN THE TWO COUNTRIES WITH SPECIFIC REFERENCE TO U.S. ASSISTANCE IN PORTUGAL'S PROGRAMS OF ECONOMIC DEVELOPMENT.

THE PORTUGUESE DELEGATION DESCRIBED ITS ECONOMIC PLANS AND PRIORITIES. THE U.S. REPRESENTATIVES RESPONDED WITH A DESCRIPTION OF POSSIBLE ASSISTANCE PROGRAMS WHICH WOULD TOTAL APPROXIMATELY \$200 MILLION OVER THE NEXT 12 TO 18 MONTHS. THE MAJOR SHARE OF THESE FUNDS, SUBJECT TO THE APPROVAL OF THE U.S. CONGRESS, WOULD CONSIST OF GRANTS OR LOANS ON SOFT TERMS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LISBON 00639 02 OF 02 291708Z

IN RESPONDING TO THE PRIORITIES OUTLINED BY THE PORTUGUESE GOVERNMENT, THE U.S. WILL GIVE SPECIAL CONSIDERATION TO ACTIVITIES FOR INCREASED EMPLOYMENT AND THOSE BENEFITTING LOWER INCOME GROUPS WITHIN PORTUGAL. SPECIFIC AREAS DISCUSSED WERE LOW-INCOME HOUSING IN WHICH THE U.S. WAS ALREADY INVOLVED, ASSISTANCE TO THE REFUGEES, FOOD AID, HEALTH, EDUCATION, AGRICULTURE, AND GENERAL PROGRAMS OF TECHNICAL EXCHANGE.

IT WAS AGREED BY BOTH SIDES THAT MORE DETAILED TECHNICAL DISCUSSIONS WOULD TAKE PLACE AS SOON AS POSSIBLE IN ORDER TO ENABLE THE RAPID FORMULATION AND IMPLEMENTATION OF SPECIFIC PROJECTS." CARLUCCI

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, ECONOMIC ASSISTANCE, MEETINGS, ECONOMIC AGREEMENTS, MEETING PROCEEDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LISBON00639
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760034-0524
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760110/aaaaaigb.tel
Line Count: 263
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by KelleyW0>; APPROVED <17 MAY 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JOINT PORTUGAL-UNITED STATES ECONOMIC COMMISSION MEETING SUMMARY: ON JANUARY 28, 1976, THE FIRST MEETING OF THE JOINT
TAGS: ECON, EGEN, PO, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006